

Message Text

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11

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E.O. 11652: N/A

TAGS: ETRD; HU

SUBJECT: SZALAI ON MFN

1. IN ARTICLE APPEARING IN NEPSZABADSAG'S WEEKLY ECONOMIC FEATURE MARCH 6 DEPUTY FOREIGN TRADE MINISTER BELA SZALAI DESCRIBES HUNGARY'S CURRENT TRADE RELATIONSHIPS WITH CAPITALIST COUNTRIES, GIVING SPECIAL ATTENTION TO DISCRIMINATORY PRACTICES BY WESTERN COUNTRIES AGAINST HUNGARIAN GOODS. WHILE MUCH OF SZALAI'S REMARKS ARE DEVOTED TO CRITICIZING WESTERN EUROPEAN IMPORT QUOTAS ON CERTAIN HUNGARIAN PRODUCTS AND ASPECTS OF COMMON MARKET'S COMMON AGRICULTURAL POLICY, LARGE PORTION CONCENTRATES EXCLUSIVELY ON UNITED STATES.

2. POINTING OUT THAT US IS ONLY DEVELOPED CAPITALIST COUNTRY IMPOSING

DISCRIMINATORY DUTIES ON HUNGARIAN PRODUCTS, SZALAI DECLARES DUTIES MAKE IT IMPOSSIBLE FOR MOST HUNGARIAN PRODUCTS TO BE MARKETED PROFIT-
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ABLY IN US, THUS RESTRICTING SALES TO ITEMS WITH VERY LOW CUSTOMS

DUTIES, OR THOSE DUTIED ON AD VALOREM BASIS. THIS CUSTOMS DISCRIMINATION, AND HUNGARY'S RETALIATORY TARIFFS AGAINST AMERICAN PRODUCTS ARE REASONS FOR PRESENT MODEST LEVELS OF BILATERAL TRADE. NOTING THAT ADMINISTRATION TRADE BILL AWAITS CONGRESSIONAL ACTION, SZALAI SAYS IT IS NOT POSSIBLE TO KNOW WHEN MFN AUTHORIZATION WILL BE GRANTED. UNTIL AUTHORIZATION IS GRANTED, HOWEVER, HUNGARIANS WILL CARRY OUT MARKET RESEARCH STUDIES ON US AND MAKE OTHER PREPARATIONS TO LAY GROUNDWORK FOR DOING BUSINESS WITH US ON LARGER SCALE.

3. COMMENT: SZALAI'S REMARKS SEEM TO INDICATE A CERTAIN SOFTENING OF

GOH POSITION ON MFN ISSUE. WHILE REPEATING TRADITIONAL OBJECTIONS TO US "DISCRIMINATORY" CUSTOMS DUTIES, HE ALSO NOTES ADMINISTRATION EFFORTS TO GET MFN AUTHORIZATION FROM CONGRESS, AND SUGGESTS THAT UNTIL MFN GRANTED BEST COURSE OF ACTION IS TO USE TIME CONSTRUCTIVELY PREPARING FOR DAY WHEN TRADE WITH US CAN BE SIGNIFICANTLY EXPANDED. SZALAI'S PATIENCE IS CONSISTENT WITH SHIFT IN GOH ATTITUDES ON MFN QUESTION NOTICEABLE HERE RECENTLY. GOH OFFICIALS SEEM LESS PRONE TO THREATEN TO "TAKE OUR BUSINESS TO JAPANESE" IF MFN NOT QUICKLY GRANTED, AND MORE INCLINED TO TALK ABOUT EXPANDING TRADE AND LAYING GROUNDWORK FOR FULL NORMALIZATION OF TRADE RELATIONS WHICH THEY SAY MUST COME INEVITABLY.

PEDERSEN

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